

University of Alberta  
115 Business Building  
Edmonton, Alberta T6G 2H6

DIAL

CHUM

1050

RADIO

TELEVISION

NEW MEDIA

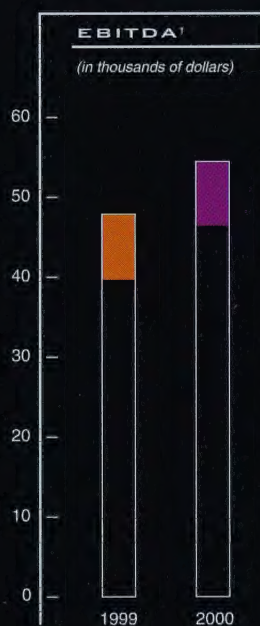
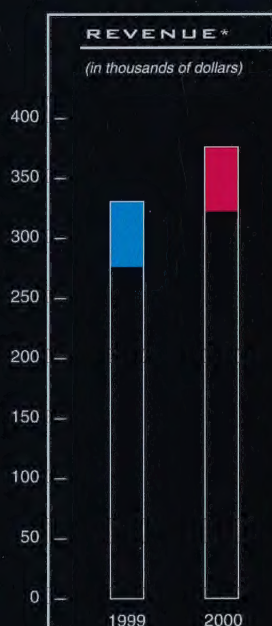






## FINANCIAL HIGHLIGHTS

<i>(in thousands of dollars except per share amounts)</i>		
	2000	1999
Revenue, less agency commissions	\$ 376,081	\$ 330,691
Operating income	33,176	32,986
Net earnings	25,920	16,889
Net earnings per Class B and common share	2.23	1.45
EBITDA <sup>†</sup>	54,467	47,877
Cash provided by operating activities	28,237	30,493
Additions to fixed assets, net (capital spending)	32,586	27,944
Shareholders' equity	239,080	215,750
Dividends paid		
– Class B shares	1,818	1,818
– Common shares	742	742



\*less agency commissions

<sup>†</sup>Earnings Before Interest, Taxes, Depreciation and Amortization



*CHUM Limited, one of Canada's leading media companies and content providers, owns and operates 27 radio stations, seven local television stations, ten Specialty channels, as well as an environmental music distribution division. In addition to its international licencing arrangements and joint ventures, the Company's original content is seen in 130 countries worldwide. CHUM content is also provided to online audiences on various new media platforms, including interactive television, wireless and exclusive, CHUM-branded Internet properties.*

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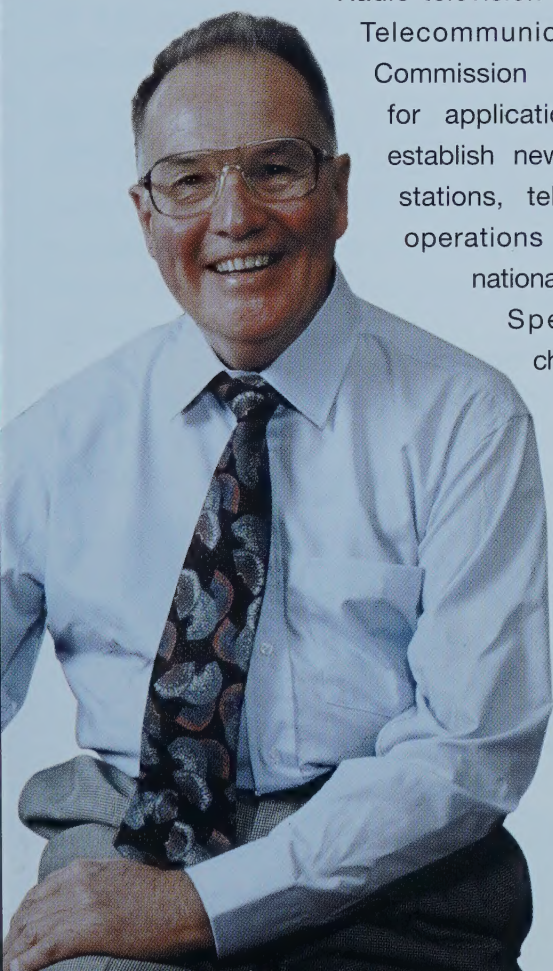


## REPORT TO OUR SHAREHOLDERS

*It's been another great year for CHUM Limited. I am exhilarated by having recently attended the launch of the CHUM Market Media Mall in the heart of Ottawa's Byward Market. Marjorie and I were extremely impressed with the realization of CHUM's dream to consolidate our Ottawa-based television and radio operations in an accessible, vibrant, streetfront and storefront home. Ottawa's movers and shakers were all there to celebrate with our first-rate Ottawa team and to share our excitement about the dynamic radio and TV coverage this facility will allow us to deliver.*

I am pleased with CHUM's success in developing and executing our business strategies amidst the challenges of the convergence wave sweeping through the telecommunications, media and entertainment sectors. We have aggressively answered the calls issued by the Canadian

Radio-television and  
Telecommunications  
Commission (CRTC)  
for applications to  
establish new radio  
stations, television  
operations and  
national digital  
Specialty  
channels.




On the television side, a major highlight was the Commission's approval of our application for a new television station to serve Victoria and Vancouver Island with a repeater to Vancouver and the Lower Mainland. CIVI Victoria will provide us entry to Canada's second largest English language television market. I am very proud of the strong, persistent and ultimately successful campaign by the dedicated CHUM Television team.

In September, it was CHUM Group Radio's turn to expand with the launch of Star 102.3 FM, our new Adult Contemporary station in London. Our London television station, The New PL, expanded their facility to accommodate their radio colleagues, building on our considerable strength in southwestern Ontario.

In a year of dynamic activity for media in general, and broadcasting in particular, we achieved our fiscal objectives and leveraged available resources to maximize the market position of each of our divisions.





CHUM Limited has realized strong financial results for the year ended August 31, 2000 with revenues reaching an all-time high.

**The financial highlights are:**

Revenue increased to \$376.1 million compared with \$330.7 million for the same period last year, an increase of \$45.4 million or 13.7%.

Net earnings were \$25.9 million or \$2.23 per share, compared with \$16.9 million or \$1.45 per share, for the year ended August 31, 1999. Earnings per share of \$2.23 for 12 months ended August 31, 2000 included the gain on the sale of the Company's 50% partnership interest in MuchMusic USA Venture amounting to 77¢ per share net of income taxes. Excluding the gain on the MuchMusic USA Venture sale, earnings per Class B and common share would have been \$1.46.

The operations expenses in 2000 increased by \$38.8 million or 13.7% over last year to \$321.6 million.

Cash flow from operating activities in 2000 totaled \$28.2 million or \$2.43 per share, compared with \$30.5 million or \$2.62 per share last year.

Shareholders' equity increased to \$239.1 million, compared with \$215.8 million at August 31, 1999.

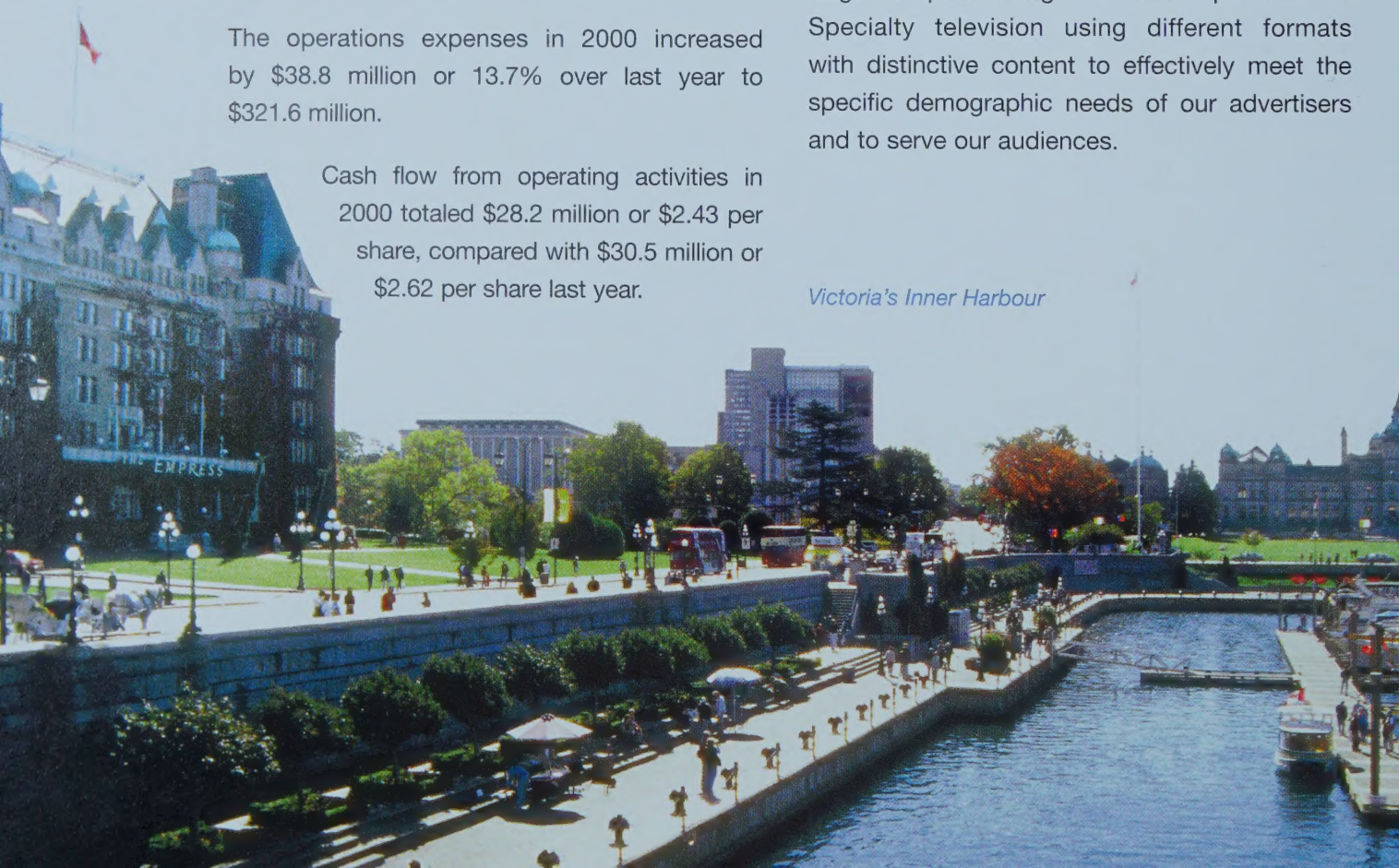
During the past year, we invested \$32.6 million in the updating and improvement of our equipment, and studio and office facilities.

CHUM Limited has paid dividends every year since becoming a public company in 1967. Dividends paid this year of 22¢ per Class B and common share amounted to \$2.6 million.

CHUM Television experienced an excellent year overall despite the effects of the changing marketplace on Conventional channels.

We have seen an exceptional year of growth and success for CHUM Television's ten Specialty networks. They exemplify the targeted positioning we have pursued in Specialty television using different formats with distinctive content to effectively meet the specific demographic needs of our advertisers and to serve our audiences.

*Victoria's Inner Harbour*





CHUM was the first to recognize the power and impact of Specialty services and this summer we were back before the Commission applying for 14 new Digital Specialty Channel licences (Category One) and 14 more, with some duplication, in Category Two. The CRTC is expected to release its decisions this winter.

On a worldwide basis, we continue to roll out our expertise in programming and channel formats through ChumCity International (CCI), the distribution and development arm of CHUM Television. This important division has seen another year of solid growth.

In a year that saw CHUM Group Radio deliver excellent results through its carefully researched, targeted radio formats in markets across Canada, on both coasts and key cities in between, there were a number of important developments.

We have reached an agreement with Standard Broadcasting whereby we receive their CFWM-FM station in Winnipeg — and a cash consideration — in return for CHUM's Montreal stations CKGM-AM and CHOM-FM. An application for CRTC approval will be filed in Fall 2000.

We want to raise our Vancouver radio holdings to three from our current two, CFUN and CHQM-FM. CHUM has filed an application with the CRTC for approval to operate a new jazz format radio station there. The public hearing will be held in November 2000.

CHUM is further seeking the opportunity to establish a larger presence in Alberta. Calgary has

only five commercial FM radio services. Our application to establish a new Modern Adult Contemporary radio station was heard by the CRTC at the end of October this year.

CHUM also announced its agreement in principle to acquire the assets of Lindsay radio station CKLY-FM (Y-92-FM). The CRTC hearing for this purchase is scheduled for November this year.

The CHUM Radio Network (CRN) ended its sixth year in operation with a major agreement with Rogers Communications to become the syndicator and sales representative for the long running, three-hour talk show "Rhona At Night," currently heard in ten Canadian cities. CRN continues to be Canada's largest syndicator, offering over 175 hours of programming each week.

CHUM Satellite Services, the exclusive Canadian distributor of music by Muzak programming, witnessed a year of technological change. Employing advanced technologies, both in its satellite platforms and the new on-premise "black box," Muzak digitized its entire music library of over six million minutes of music. Audio Marketing Services is now a core capability of our company.

CHUM continues to work with Digital Radio Roll-Out Inc. (DRRI) and its member broadcasters who are working with receiver manufacturers and electronics dealers to build awareness of digital audio broadcasting (DAB). While there is much to be done in the deployment of services, the extension of coverage and in the marketing of DAB, the industry is in a good position to move forward.



New media technologies, partnering strategies and original content are integrated into CHUM's planning and operational activities. We are now seeing profitable results from our careful investment in, and innovative implementation of, new technologies in business models dedicated to increasing online content delivery.

One of the most notable features of CHUM stations is their high level of community involvement and pro bono partnerships. Each station's commitment to public service has a demonstrated and positive impact within the community it serves.

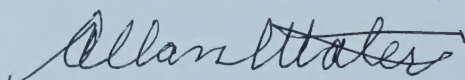
Our CHUM Television stations continue their unique commitment to support media education. We are honoured that CHUM's leadership in the field was recognized at Summit 2000 with the first CAMEO (Canadian Association of Media Education Organizations) Award.

After years of my "haranguing" our federal government about high taxes, I guess it's only fair that I acknowledge the mini-budget introduced in October. It has always been my view that the long-term success of the new economy required meaningful tax cuts and other fiscal reforms to drive job creation and to sustain growth. Well, somebody must be listening. Canadians will now receive the largest cuts to personal income tax in the country's history. At the same time, our children's future has been brightened considerably by the government's renewed attack on Canada's national debt.

Ottawa finally seems to be on the right track. However, if Canadians are to benefit from a rapidly moving economy based on high technology, any new tax and spending measures should be targeted to improving Canada's ability to stand up to the fierce global competition in the information technology arena. So far the signs are good.

As CHUM pursues new avenues for sustainable growth in this era of information and knowledge, we are aware that CHUM's fundamental strength resides in our people. We have assembled a superb team of managers and staff who have the passion, drive, commitment and experience to make CHUM products and services regarded as second to none by both audiences and advertisers.

We've had a great year of growth and opportunity. But you'll want to stay tuned: the best is yet to come.



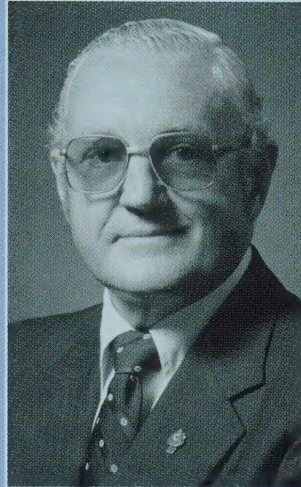
ALLAN WATERS



## A TRIBUTE TO WES ARMSTRONG

Those who knew Wes Armstrong remember him as an integral part of CHUM. With his passing on March 28, 2000, I was reminded of how much Wes meant to all of us.

I hired Wes as CHUM's Sales Manager in 1957. At that time, 1050 CHUM had just introduced around-the-clock Hit Parade music to Toronto listeners. Many considered CHUM to be bold and aggressive, and Wes's brash style was the perfect fit.



Wes set the tone for CHUM radio sales. He was known throughout the industry as a no-nonsense straight shooter with no patience for shortcuts. His temper was legendary but he carried no grudges. When a matter was resolved, that was the end of it.

Wes took on the added responsibility for CHUM-FM in 1963. With his appointment as Vice President of Sales, he played a large part in guiding the station to the prominence it enjoys today. In 1966, Wes was elected to CHUM's board of directors. He remained on the board after his retirement in 1988.

Over the years, Wes' reputation for fair dealing was further cemented in a number of voluntary positions, including Chairman of the Board of the Better Business Bureau of Toronto. Wes was an original Director of Master FM, a consortium of public and private FM radio broadcasters in Toronto. Master FM had one of the first combined broadcasting antennae in North America, which was situated atop the CN Tower in Toronto. Wes helped guide the operation for the last 25 years. Until his passing, he

was also Vice-President of the community service organization Civitan International. We all knew the holidays weren't far off when the Civitan Christmas cakes arrived at the station!

There were many sides to Wes. He could spend hours in retirement building miniature furniture, hooking rugs or trying his luck at Casino Rama with his wife and soulmate, Gloria. I know his family misses him and so do his friends in the business. As do I.

ALLAN WATERS



CHUM Television experienced an excellent year overall. There was a noticeable slowing down in the area of Conventional channels, reflecting the changing face of the television marketplace, but we saw significant growth and success in our Specialty networks, which now account for about 28% of all Canadian Specialty network tuning.

A major campaign is underway at Citytv to re-energize the brand, with a focus on on-air promotion and marketing. New programming initiatives will launch in Fall 2000, along with an aggressive new sales strategy that will focus on sales promotion and new business development.

## television

We are delighted that The New RO has joined CHUM's four Ottawa-based radio stations and moved into our first-rate new broadcasting facility — the CHUM Market Media Mall — in the heart of the city's Byward Market. Staff moved into the streetfront, storefront building in the summer. The first newscast was on September 5, 2000 and the official opening was held October 18, 2000.



The New VR unveiled its revamped newsroom and presentations, and viewers flocked back to the 6 pm news, giving us record ratings: our audience for adults 18+ was up 65% between the Fall 1999 and Spring 2000 surveys.

The New PL has been joined by CHUM radio station Star FM in the London television facility. We look forward to working with our radio colleagues. "New Day," PL's morning show, moved into its streetfront, storefront downtown home in our new Covent Garden Market Building in January 2000.

CIVI Victoria represents the newest member of our Conventional channel family — an important piece of the puzzle which will strengthen our programming position. We are elated with our recent CRTC win, allowing us to build a new

*left: CP24's Monita Rajpal*

*right: CHUM Market Media Mall in Ottawa's Byward Market*



station for Victoria and Vancouver Island, with a rebroadcaster serving Vancouver and the Lower Mainland. The station will serve more than 700,000 Vancouver Island residents and will originate from a downtown Victoria interactive streetfront television facility. In addition to broadcasting a strong mix of local news, lifestyle, information, learning, Aboriginal and entertainment programming, this station will also allow for growth and strengthening of our overall national programming position across other CHUM Television stations.

#### SPECIALTY CHANNELS

It has been an extraordinary year of growth and success for CHUM Television's ten Specialty networks. Our newest national channels (Canadian Learning Television (CLT) and Star! The Entertainment Information Station) have successfully launched across Canada. Each can be seen in almost two million homes with hybrid analogue and digital distribution.

With a major presence in Specialty television across different formats with distinctive networks, we are in a strong position to meet the needs of our advertisers in almost every demographic.

In addition to our Specialty networks, we operate ACCESS, The Education Station, from Edmonton, Alberta, alongside the CLT national network. ACCESS has been acknowledged for pioneering a successful new model in privatized educational television. Programming on ACCESS and CLT is linked to over 20 post-secondary institutions across Canada, forming a unique distance learning resource for adult learners.

In French Canada, MusiquePlus and MusiMax continue to be strong channels, attracting significant audiences across Quebec.

In Ontario, CablePulse24 (CP24), our regional 24-hour-a-day news channel, continues to grow audience levels. Overall audience for Spring 2000 was up 50% over the previous year.

Our more established Specialty services continue their significant growth and are substantial contributors to CHUM's revenues. MuchMusic, MuchMoreMusic, Bravo! NewStyleArts Channel and Space, The Imagination Station continue









to have some of the highest rated programs anywhere on Specialty television.

MuchMusic reaches more 12-34 year olds in Canada than any other Canadian Specialty network. Space continues to be the most-watched entertainment-based Specialty channel in Canada. Bravo!'s hit program "Sex and the City" has become the highest-rated episodic program on Canadian Specialty television.

This summer, we were back in front of the CRTC applying for 14 new Digital Specialty channel licences (Category One). Each application is a natural extension of programming or production expertise already in place. Our applications focus on the following genres: Independent Film, Fashion, Relationship, Suspense, Gay & Lesbian, Classical Music, Moods & Environmental Music, Computer & Technology, Careers, Books & Literature, Law & Order, Travel, Documentary (in partnership with Vision TV), Fashion & Beauty (in French through MusiquePlus in partnership with Astral). We also filed 14 Category Two licences, including some duplications from the Category One list. A decision is expected from the CRTC this winter.

*(opposite page) clockwise from far left: Videographer Danny Petkovsek in downtown Barrie;*

*Marilyn Denis and Patrick Reynolds of Citytv's CityLine;*

*Star! personalities Terry David Mulligan, Larysa Harapyn, Maggie Cassella and Emilio Carpino;*

*The Tragically Hip's Gord Downie performs live outside MuchMusic;*

*"Ben Heppner Live at the Bravo! Rehearsal Hall."*

*(below) MuchMoreMusic's Jana Lynne White and recording star k.d. lang.*





## CHUMCITY INTERNATIONAL

ChumCity International (CCI), the distribution and development arm of CHUM Television, experienced another year of growth in the licensing of CHUM-owned programming and channel formats worldwide.

Programs, such as "FT – FashionTelevision" and "MT – MovieTelevision," continue to be seen in over 130 countries on all distribution platforms, including Conventional, Cable and Satellite Specialty services. CCI presently licenses an inventory of 25 weekly, current and archived series and over a dozen specials on an ongoing basis.

On the channel development side of the business, CCI signed several major development and format licences. The highlight of the year was the launch of TVTV, Finland's first domestic Cable Specialty service, in association with our partners Alma Media. CCI expanded its existing licencing arrangement for Jyrki, with the addition of TVTV. Alma Media was also granted digital terrestrial licences for the Citytv format throughout Finland. CCI will enter into a licencing arrangement for these channels, which are expected to launch towards the end of 2001.

CCI also signed a new format licence for the creation of a Citytv franchise in Barcelona, Spain. The channel is owned by major Spanish media company, Grupo Godo. Its holdings include major newspapers, magazines, production facilities and radio licences. Citytv Barcelona is expected to launch in early 2001. CCI will receive ongoing format licencing fees.

Major channel development deals were signed with German and Turkish companies. CCI is currently developing an entertainment format channel with German media group VCL. We expect to launch a Cable channel in Germany in 2001. Also, CCI signed a development agreement with Turkish media giant Mydonose Group for the development of a music and entertainment format for Turkey.

Finally, CCI, in association with Interruption Television PTE Ltd., based in Singapore, launched a weekly branded MuchMusic Block on TV3 Malaysia. The program is garnering excellent ratings and has become an overnight hit in Kuala Lumpur, where the production facility is located.

Existing agreements continue to pay ongoing royalties to CCI. MuchMusic Argentina has maintained its dominance of the music market in Buenos Aires, Argentina. The Argentine feed can now also be seen in Chile and Mexico. The Cisneros Television Group, to whom we recently sold our 26% interest in the channel, is working with CCI on the development of other music franchises in the Ibero Americas.

MuchMusic USA increased its subscriber count to 18 million homes in the US. CHUM recently sold its 50% interest in the channel to partner Rainbow Holdings. Rainbow entered into a long-term brand and program licencing agreement with CCI for the MuchMusic service.

Citytv Bogota, launched in March 1999, continued to develop in a climate of economic and political



uncertainty in Colombia. Our partner, Casa Editorial El Tiempo, holds significant print assets in the country and is solidly behind the channel, which serves a community of over eight million people.

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“FT – FashionTelevision”  
and “MT – MovieTelevision,”  
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CCI cancelled its agreement with Red Colobus for the development of a City-style station in Bucharest, Romania, as a result of unfavourable economic conditions in that country.

Our licencing arrangement with Youtv for Speakers Corner formatting continues to grow and deliver a solid new revenue stream to CCI. Youtv has been particularly successful in marketing the concept into the US market and is poised to conclude a major agreement with a US network group.

Finally, CCI also took on the responsibility of licensing our unique content, and program and channel formats, to the emerging Internet and broadband world. In an environment where

technology is leading the charge, CHUM programs and formats are in high demand. CCI has held several discussions with significant global players who have shown interest in partnering with us. We choose our partnership opportunities as carefully as we do in the traditional broadcast world, to ensure we align ourselves with companies who have a long-term perspective. We are very optimistic about our ability to generate new revenue streams from this emerging business.

*Citytv Bogota's anchor Bianca Gambino delivers the news.*





CHUM Group Radio offers a diversity of carefully researched radio formats across Canada, serving cities on both coasts and key markets in between. Our managers and their staffs are attuned to the needs of the markets in which they operate, working diligently to deliver audience numbers, to serve the requirements of our advertisers and especially to address the special characteristics of each unique community.

## radio

For CHUM Group Radio, the year brought a number of important developments. We have taken advantage of numerous opportunities to strengthen group operations through both expansion and consolidation.

Opportunities for expansion arose through increased industry activity abetted by the CRTC's more flexible approach to policy and regulation under its Commercial Radio Policy.

Subject to the Commission's approval, CHUM will acquire CFWM-FM Winnipeg. This will permit the formation of a multiple licence operation (MLO) with our existing Winnipeg radio stations, CFST-AM and CHIQ-FM. In exchange, Standard Radio Inc. will acquire CKGM-AM and CHOM-FM in Montreal, where it also owns and operates CJAD-AM and CJFM-FM. In addition to the assets of CFWM-FM, CHUM receives a cash consideration. While we are reluctant to end our involvement in Montreal, we believe this transaction will provide opportunities for greater efficiency for both CHUM and Standard in the interests of their listeners, their markets and their companies. CHUM can now strengthen its long relationship with the Winnipeg community, ensuring the long-term viability of three distinct radio services.

The recently introduced radio policy that allows multiple licence ownership has brought enhanced efficiencies and increased profitability in a number of CHUM Group Radio's markets. CHUM set the stage for today's revised common ownership policy with the creation of Radio Four in Windsor





in 1993. Comprised of CKWW, CKLW, CIMX-FM and CIDR-FM, Radio Four made CHUM the first company to own four stations in one language in one market in Canada. CHUM also owns and operates CFRA, CFGO, KOOL-FM and CJMJ-FM in Ottawa. With CRTC approval, the addition of CFWM-FM to CFST and CHIQ-FM in Winnipeg will create a three-station MLO.

Similarly, CHUM is seeking to raise its Vancouver radio holdings to three from its current two, CFUN and CHQM-FM. CHUM has filed an application with the CRTC for approval to operate a new jazz format radio station there. The hearing takes place in November 2000. Smooth Jazz 94.5 will play music that does not get aired full-time anywhere in western Canada. The Smooth Jazz format will be an atmospheric blend of contemporary jazz and new adult contemporary vocals.

CHUM is further seeking to establish a larger presence in Alberta. Calgary has only five commercial FM radio services. As a result, the community is deprived of a number of different and popular radio formats heard in virtually every other market the size of Calgary. Most notable is the lack of a modern adult contemporary offering, arguably radio's most popular format. At the end of October 2000, the CRTC heard CHUM's application for 98.5 FM The Peak, offering a consistent blend of contemporary rock from the '90s through today, without heavy metal, rap or funk. The decision is expected early in 2001.

Not every competition for new radio licences can result in a win. Although unsuccessful in its

bids for licences in Barrie and Kingston, CHUM Radio scored a big win with the launch of London's STAR 102.3 on September 1, 2000. This adult pop radio station plays "Today's Best Music" for the hip adult consumer. The music is a unique combination of the newest and hottest songs from the pop, rock, urban and hot adult contemporary artists of today, along with a popular mix of favourites from the '90s.

On August 14th, CHUM announced its agreement to purchase of the assets of Lindsay radio station CKLY-FM (Y-92-FM). CHUM has been well established in the central Ontario region for many years through its Peterborough radio stations CKPT and Country 105. Lindsay and Peterborough will both benefit from the efficiencies of being located in adjacent markets.

CHUM Group Radio continues to have positive results with its local management agreement in Halifax, where our own CJCH-AM and C100-FM are partnered with NewCap's CFDR-AM and CFRQ-FM, and with CIEZ-FM which is owned by Sun Radio Limited.

As CHUM continues to work closely with DRRI we are adopting a strategic focus for the marketing of digital radio, starting with the launch of full-time service in Toronto. Pioneer Electronics, working with broadcasters of the Greater Toronto Area, held an official launch in October. The national launch and the launch of the Montreal services took place during the CAB Convention in Montreal on November 1, 1999. The launch of services in Windsor was held during the Detroit Auto Show in





CHUM - The RW - Big Sugar at Brookville

mid-January, while the launch of services in Vancouver took place in mid-May.

Digitally-enabled radio stations are actively promoting the availability of DAB receivers in Montreal, Toronto and Vancouver. Arcam has been marketing its high-end home receiver and Clarion receivers have also been available. Although the high prices of these units have led to low sales volumes, prices are starting to come down.

DRRI and its member broadcasters are working with receiver manufacturers and electronics dealers

on various marketing initiatives to build awareness of digital audio broadcasting and to stimulate the demand for DAB receivers at the retail level.

While there is much to be done in the deployment of services, the extension of coverage and other facets of marketing DAB, the industry is in a good position to achieve its objectives.

*CHUM Group Radio achieved excellent results this year. We have benefited from an operating philosophy that is focused on the unique needs of our listeners and our advertisers.*

Radio formats, shaped to address specific demographic and lifestyle targets, are based on extensive, ongoing research and maintenance. Professional training is a high priority for managers as well as their staffs. Strong relationships developed between our clients and our radio sales and marketing teams help define a shared purpose for the achievement of maximum results. Our managers and personnel are similarly encouraged to work with charitable organizations, to show leadership and to share resources so as to meet the expanding needs of the communities where we operate. All CHUM Group radio stations make that connection at the local level.



## CHUM GROUP RADIO

MARKET	STATION NAME	FORMAT	AUDIENCE
VANCOUVER	CFUN-AM	"Talk with Attitude"	35 – 54
VANCOUVER	CHQM-FM	Soft Adult Contemporary	25 – 54
WINNIPEG	CFST-AM	Adult Standards	45+
WINNIPEG	CHIQ-FM, Q-94	Adult Contemporary	25 – 49
WINDSOR	CKWW-AM	Memories	45+
WINDSOR	CKLW-AM	News and Talk	35 – 64
WINDSOR	CIMX-FM, 89X	Modern Rock	18 – 34
WINDSOR	CIDR-FM	Adult Contemporary	25 – 54
LONDON	CHST-FM	Adult Contemporary	18 – 49
KITCHENER	CKKW-AM	Oldies	35 – 64
KITCHENER	CFCA-FM	Contemporary Rock	25 – 54
TORONTO	CHUM-AM	Oldies	35 – 64
TORONTO	CHUM-FM	Adult Contemporary	25 – 54
PETERBOROUGH	CKPT-AM	Full Service Music and Talk	35 – 64
PETERBOROUGH	CKQM-FM	Country Music	35 – 54
KINGSTON	CKLC-AM	Soft Adult Contemporary	35 – 64
KINGSTON	CFLY-FM	Adult Contemporary	25 – 54
BROCKVILLE	CFJR-AM	Full Service Music and Talk	35 – 64
BROCKVILLE	CHXL-FM	Classic Rock	18 – 49
OTTAWA	CFRA-AM	News and Talk	35 – 64
OTTAWA	CKKL-FM	Contemporary Hits	18 – 49
OTTAWA	The TEAM	All Sports	25 – 64
OTTAWA	CJMJ-FM	Soft Adult Contemporary	25 – 54
MONTREAL	CKGM-AM	Oldies	35 – 64
MONTREAL	CHOM-FM	Contemporary Rock	25 – 54
HALIFAX	CJCH-AM	News and Talk	35 – 64
HALIFAX	C100-FM	Adult Contemporary	25 – 54



CHUM Television plays an innovative role in new media and we are seeing profitable results from our careful investment in, and innovative implementation of, new technologies.

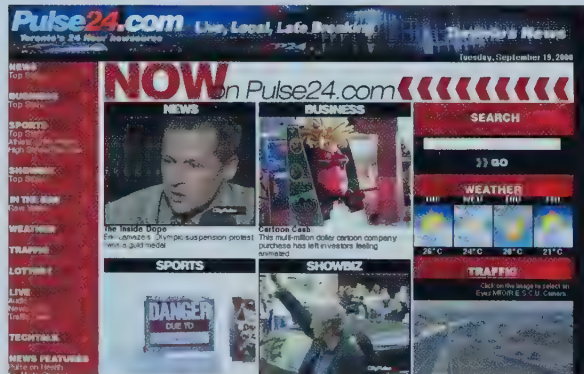
We became the first Canadian broadcaster to go online in 1994, with the launch of muchmusic.com and citytv.com. This year, we were first in a trial of commercial insertion during live streaming of our MuchMusic Video Award show, and the only Canadian broadcaster to appear on the Microsoft Windows Media broadband site in 1999.

ChumCity Interactive has packaged and made available to online audiences all of CHUM Television's creative broadcast content in popular entertainment and information categories. Fully integrated and supported by our

## new media

well-known TV brands, ChumCity Interactive delivers digital news and information, music and entertainment, science fiction, science fact, lifestyle and education content to online communities worldwide.

ChumCity Interactive currently operates eight online destinations: [www.citytv.com](http://www.citytv.com), [www.muchmusic.com](http://www.muchmusic.com), [www.bravo.ca](http://www.bravo.ca), [www.muchmoremusic.com](http://www.muchmoremusic.com), [www.spacecast.com](http://www.spacecast.com), [www.star-tv.com](http://www.star-tv.com), [www.clt.ca](http://www.clt.ca) and [www.pulse24.com](http://www.pulse24.com).



Our most recent successes include the ranking of muchmusic.com in Youth Culture's "Report on the Net Generation" as the number one destination for Canadian teens on the Web. This survey — the largest ever telephone survey of Canadian teens — was published in June 2000. Our viewership has hit seven million page views per month, and we have approximately 600,000 unique users who stay for over 15 minutes a session to engage in our regular features, contests, celebrity chats, voting and exclusive Webcasts.

This year, we became the first Canadian broadcaster to successfully stream an entire channel live to the Web, with the launch of pulse24.com in March 2000. Since its launch, pulse24.com has become a

(top) [www.pulse24.com](http://www.pulse24.com)

(bottom) [www.muchmusic.com](http://www.muchmusic.com)



success story with well over one million page views a month and thousands of unique users. We receive and reply to hundreds of fan e-mails each day from Canadians all over the world.

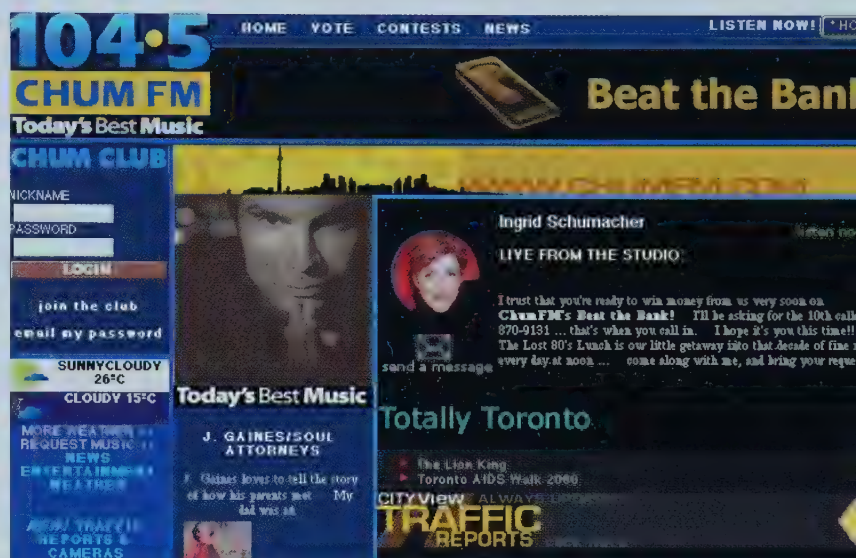
New media has been a profitable revenue stream for ChumCity Interactive. We have partnered with streaming, hosting and encoding companies, Web developers and portal players. We will continue our innovative use of viable technologies, making measured investments and building sustainable online business models around each application.

**CHUM Group Radio** has embraced the World Wide Web through the initiatives of 1050 CHUM and CHUM-FM. Having launched [chumfm.com](http://chumfm.com) last year, CHUM is taking advantage of opportunities to take the lead with state-of-the-art websites that provide huge growth opportunities in non-traditional revenue streams.

The number of [chumfm.com](http://chumfm.com)'s page impressions has climbed to 1.2 million a week, with each user spending an average of 18 minutes on the site. In addition to up-to-date local content and entertainment to keep users coming back, [chumfm.com](http://chumfm.com) has also offered some incredible prizes — everything from a \$10,000 shopping spree to front-row tickets to see Britney Spears.

Many in the industry consider [chumfm.com](http://chumfm.com) to be the ultimate radio station website. In fact, at Internet and radio conferences, [chumfm.com](http://chumfm.com) is often used as an example of "how to build a radio website."

The new 1050chum.com launched in July 2000. Like [chumfm.com](http://chumfm.com), 1050chum.com now offers local



[www.chumfm.com](http://www.chumfm.com)

news, weather, live traffic cameras, horoscopes and live streaming of artists' names and song titles. It also offers the entire world-famous CHUM Chart archive, allowing users to search every CHUM Chart by artist, song title or word.

The 1050chum.com and [chumfm.com](http://chumfm.com) websites are about to move into video in a big way. In 1999, [chumfm.com](http://chumfm.com) produced live video interviews with Tina Turner and Jann Arden. Now, both websites have started producing video shows that will be available only on 1050chum.com and [chumfm.com](http://chumfm.com). Each show will be sponsored.

Overall, CHUM Limited has enjoyed a great year of growth and opportunity in new media. Both our television and radio endeavours are positioned to deliver results and revenues going forward.



One of the most notable characteristics of CHUM Television and CHUM Group Radio stations is the high level of involvement in their communities. Each station is a committed community partner, providing support to charitable organizations and raising awareness for community issues. Our stations' dedication to public service has a positive impact on the communities we serve.

#### CHUM GROUP RADIO

CHUM Group Radio is committed to playing a leading role in the cultural and charitable activities

within our communities. Our stations support local service organizations, citizen groups, and pro bono

## community support

organizations, whether raising funds or awareness. Here is a small cross-section of our activities.

#### Vancouver

Last year, ArtsFACT (Arts Foundation to Assist Canadian Talent), a cultural initiative funded solely by 103.5 QM/FM, distributed grants totalling \$35,000 to non-profit arts foundations in the Greater Vancouver area. "The Ice Age" by Hard Rubber New Music and "The Aboriginal Youth Project" were among the grant recipients.

QM/FM and CFUN combined their efforts in support of many community projects by: contributing over \$6,000 in airtime to support the third Annual King's Club Arts Umbrella Classic Golf Tournament; returning as sponsors of Theatre Under the Stars, helping to put the organization back in the black; contributing \$10,000 to support the annual Festival of Trees to benefit The British Columbia Children's Hospital; supporting The World Hunger Project; supporting Foodrunners, a local charity that collects surplus food from restaurants and hotels and delivers it to housebound victims of debilitating illness.

*Space videographer  
Natasha Eloi.*



### Winnipeg

Q94FM and 1290 Starlight supported community fundraisers such as: The Heart & Stroke Foundation Mother/Daughter Walk at the Forks; The United Way/Great West Life Breakfast; the CIBC Run for the Cure; and The Children's Hospital/Joico Hair Fantasy at Boogie Nights. December brought the Christmas Cheer Board Santa Bus and Christmas Miracle, a 24-hour live broadcast. Spring activities included the Arthritis Society Golf Tournament and the Teddy Bear's Picnic in Assiniboine Park. Major summer events included the Children's Festival, Senior's Day at the Forks, The Trans Canada Trail Relay events and the Variety Club Golf Tournament.

### Windsor

Canada's first four-station MLO made its presence felt on both sides of the border.

AM800 supported children's charities including: The Children's Miracle Network; W.E. Care For Kids; The Council for Prevention of Child Abuse; and Big Brothers and Big Sisters of Windsor and Essex County. As well, the station presented the Santa's Shoe Box Toy Drive, together with The Rotary Clubs of Windsor to benefit children in need.

*CHUM-FM's "Roger, Rick & Marilyn"*







*CKLW Windsor's Canada Day Big Sisters/Big Brothers Charity Barbecue.*

580 Memories went round-the-clock with on-air support to help the annual Easter Seals Telethon raise hundreds of thousands of dollars. The station also teamed up with CKLW to sponsor the Heart and Stroke Foundation's Annual Soup Kitchen at the Windsor Armories.

89X continued its important role of breaking Canadian talent to a wider audience, thereby ensuring a Canadian presence in this vibrant border market.

CIDR-FM, now Lite Rock 93, spearheaded Arts Beats & Eats street festival to raise funds for The Rainbow Connection, The Chrysler Arts Fund and other area charities. The station's annual Care For Kids Variety Radiothon raised over \$130,000 for local children's programs. And, for the fifth year in a row, CIDR-FM was the radio sponsor for The Arthritis Foundation's Jingle Bell Run in support of arthritis research.

### **Kitchener**

CKKW-AM and CFCA-FM in Kitchener funded the production of the "Aboriginals in Broadcasting" video through Conestoga College to help encourage young Aboriginal Canadians to enter the broadcast industry. The video will be distributed to senior public schools and high schools throughout Ontario. In the KOOL-FM (CFCA-FM) Poster Boy Campaign, station personality Brian Bourke once again climbed up on a billboard where he stayed for 12 days, raising \$105,000 for the soon-to-be-built Grand River Regional Cancer Centre.

### **Toronto**

1050 CHUM and CHUM-FM contributed just under two million dollars in on-air advertising support for charitable and community events in the Greater Toronto area.

CHUM-FM was media sponsor of the sixth annual Toddle For Tots fundraiser at the Toronto Zoo. Proceeds benefited Toronto's Ronald McDonald House, a home away from home for out-of-town families whose children are receiving treatment for serious illnesses.

CHUM-FM held its 11th annual Family Skating Party and live broadcast with Roger, Rick & Marilyn at Harbourfront Centre in December in support of the ChumCity Christmas Wish.

The station was media sponsor of Fashion Cares, providing over \$75,000 in sponsorship promotion for the 14th annual gala fundraiser in support of the AIDS Committee of Toronto. It is Canada's largest,



and most spectacular, fundraising event involving the local fashion and design industries.

1050 CHUM was sponsor of Canada Day 2000 at Parc Downsview. Over 60,000 people enjoyed the many Canada Day festivities, and we witnessed 2,103 new Canadians receiving their citizenship.

*In Kitchener KOOL-FM (CFCA-FM)  
station personality Brian Bourke  
once again climbed up on a billboard  
where he stayed for 12 days,  
raising over \$100,000  
for the soon-to-be-built  
Grand River Regional Cancer Centre.*

#### Peterborough

Country 105 and CKPT supported the United Way in "Coats for Kids," donating a significant amount of airtime to promote the initiative.

Country 105 and CKPT's biggest campaign of the year was the Christmas Toy Drive. We collected a mountain of toys and over \$30,000 in cash for the Salvation Army Christmas Hamper Campaign, helping approximately 2,400 kids have a happy Christmas. The stations also supported Big Brothers and Big Sisters in Peterborough by promoting "Bowl For Kids' Sake."

#### Ottawa

CFRA, KOOL-FM, Majic100 and The Team seem to be everywhere in the Capital Region.

CFRA held Christmas Cheer, a nine-hour radiothon to raise money for the Christmas Exchange of Ottawa-Carleton. The radiothon and a follow-up breakfast together raised \$100,000.

CFRA was AM radio sponsor of the 2000 Easter Seals Telethon, broadcast live on The New RO. CFRA also held a radiothon to raise money for Habitat For Humanity, a community house-building initiative.

For the second year, the KOOL-FM Kookies for Cancer Research Bake Sale took place on the front lawn of the radio station. This giant bake sale raised approximately \$1,500 in four hours.

KOOL-FM supported Le Gala at the Canadian Museum of Nature, which raised over \$200,000 to





meet the needs of local children living in poverty. The station also presented the first annual Starlight Children's Foundation Walk for Wishes to raise money to help grant wishes to seriously ill children. Over \$100,000 was raised.

MAJIC supported The Bay Mother/Daughter Walk for Heart and Stroke, which raised \$39,000, and Rattle Me Bones, a race which helped raise \$48,500 for The Ottawa General Hospital. The station also participated in: "Toy Mountain," one of the biggest toy drives in North America; the "At Work Santa" program, which allows office workers to collect toys and have them delivered to the Salvation Army; Shopper's "Walk For the Cure" that helped raise \$65,000 for the Juvenile Diabetes Foundation; and the "M.S. Bike Tour," which had a record year, raising \$182,000 for the M.S. Society.

Sportsradio 1200 The Team took it out to the community to focus on after-school sports programs. Thousands of sports fans came out to The Team's "Save Our Sens" Rally to keep the Senators in the Nation's Capital.

### Kingston

The CKLC/CFLY-FM Toy Drive is an annual campaign managed entirely by the stations to provide Christmas toys to over 2,500 less fortunate children.

The CKLC/CFLY-FM Community Ad Bank donated airtime to municipal organizations, such as the Kingston Folk Arts Council, working to improve the quality of life in our community.



*One of the many volunteers helping out at the ChumCity Christmas Wish.*

### Brockville

CFJR/103.7 FM The River donated a significant amount of airtime to municipal organizations through their Community Ad Bank.

CFJR/103.7 FM funded, organized, and promoted major community events, such as Brockville Fall Fair, Ookpik Winter Carnival and Brockville Sports Weekend. Other events supported include Brockville Festival of Trees, Palliative Care Telethon, Rotary Club/Todd Gill Golf Classic, Friends of St. Vincent Golf Tournament, Riverfest and Children of Chernobyl.

### Montreal

This year saw the beginning of a partnership between OLDIES 990 and the Native Friendship Centre for the 1999 Pow Wow. As official media partner, OLDIES 990 contributed considerable airtime to promote the event.



OLDIES 990 and CHOM-FM participated in the Annual Duck Race for the Lakeshore General Hospital for a fourth consecutive year. Over \$50,000 was raised.

The CHOM-FM L'Esprit Talent Search Competition celebrated its 20th anniversary by setting new records. Over 170 Quebec-based bands submitted demo tapes, all vying for one of the 12 qualifying spots on the compilation CD.

#### Halifax

C100 teamed up with the Empire Theatre complex for our annual Christmas Toy Drive. In three days, 2,500 toys were collected.

C100 and CJCH continue to support the arts, including the Shakespeare By The Sea event, held each summer in Point Pleasant Park. The stations



continue to support the Metro Food Bank by placing a drop-off point in our reception area and encouraging people to donate.

#### THE CHUM CHARITABLE FOUNDATION

*The CHUM Charitable Foundation is dedicated to financially assisting charitable organizations and*

*social service agencies as they carry out the work to which they are dedicated.*

CHUM listeners and viewers generously support the Foundation year round, but it is the ChumCity Christmas Wish — the major annual project of the Foundation — that consistently receives an overwhelming response.

1999 was the busiest year thus far for the ChumCity Christmas Wish in its 33-year history. Because of reductions in government funding, many programs operated by public and private agencies saw shortfalls in funding. The number of agencies registered with the Toronto Social Services Christmas Bureau was up almost 40% from the previous year. More than 500 agencies, serving over 200,000 children and families, benefited from the Wish this year.

Changes are taking place within the program to keep pace with the ongoing increase in participating agencies. The ChumCity Christmas Wish is largely a public volunteer-based program. In 2000, there will be an increase in staff and an expansion of warehouse space used for toy sorting and distribution. The costs involved in running the entire program are covered directly by two radio stations, 104.5 CHUM-FM and 1050 CHUM-AM. As a result, the ChumCity Christmas Wish is able to direct 100% of all donations directly to the agencies and people in need. We are very proud of this fact. In addition, Citytv and CP24 broadcast a strategic, saturation on-air campaign in support of the ChumCity Christmas Wish.



The campaign's success in 1999 can be attributed to the outstanding efforts of the staff and volunteers who were passionate about the program, as well as the relationship established between the ChumCity Christmas Wish and the many corporate and private donors. Toronto Social Services and other social service agencies recognize the ChumCity Christmas Wish as the largest distributor of toys to those in need during the holiday season in the Greater Toronto Area.

This year, CHUM was honoured by the Children's Aid Society with the Community Leadership Award, which recognizes the contribution of the ChumCity Christmas Wish in the Greater Toronto Area.

Since its inception in 1991, one of the major fundraising events in support of the CHUM

Charitable Foundation has been our Annual Golf Classic. It was held on June 19th at the Angus Glen Golf Club in Markham. Support from our major sponsors, Bell Mobility and Novell Canada, along with our clients, was once again outstanding and the tournament was sold out, raising the most money in its history.

#### CHUM TELEVISION – *Community Support*

In addition to providing major community and charitable sponsorships, promotional announcements and editorial support, CHUM Television helps organizations communicate their messages, raise funds, and promote understanding of social issues, both nationally and locally. Here are just a few highlights.

##### *Citytv*

Citytv is an active community partner supporting over 20 charity and community initiatives throughout the year. We often lend our support by way of editorial coverage and/or producing and airing promotional spots for events, such as YWCA's Women of Distinction Awards, The Chinese New Year Festival, Earth Day, CHIN International Picnic, Caribana, Word on the Street, the Breast Cancer Awareness Day and the Aboriginal Festival.

This year, we partnered with the Variety Club for the First Hour for Kids program, in which the public was encouraged to donate its first hour's wages of the

*CP24 anchor Juliette Powell hosts the Covenant House Vigil in the ChumCity Building parking lot.*





new year. Citytv and CP24 developed an extensive promotional campaign, including the production of a public service announcement (PSA) with heavy airtime support and editorial coverage.

We also joined forces with Covenant House to promote better public understanding of youth homelessness. As TV sponsor of the Covenant House Vigil for Homeless Youth '99, we aired PSAs, and provided extensive editorial leading up to the event and live coverage of the concert, which was held in the ChumCity Building parking lot.

One of the biggest cultural events in Toronto is the Caribana parade. In addition to week-long coverage within CityPulse on parade lead-up, and live coverage of parade highlights, we provided video streaming of the full event on our newest web site, pulse24.com.

CablePulse24 has embraced almost all of the Citytv charitable and community-based partnerships and adds invaluable exposure to complement Citytv's contribution.

### The New PL

The New PL supported Scan Away Hunger through on-air mentions and exposure on "New Day." This campaign raised \$43,000 for Mission Services in London, which provides food for the needy.

The "Lighting of the Lights" is an annual event in Victoria Park that is provided to the community each year by The New PL and London Parks and Recreation. Monies raised in the sale of candles to the over 20,000 people in attendance benefit the

Thames Valley Children's Centre, Easter Seals and Bereaved Families of London.

The New PL supported Middlesex London Health Unit's Challenge of the Heart, which encourages local high-school students to eat well, be active, avoid smoking and stay healthy. The New PL provided extensive pre-promotion of the campaign and on-air exposure.

The biggest undertaking of the year for The New PL, The New WI and The New NX is the Children's Miracle Network Telethon. We produced and aired 24 hours of live, commercial-free coverage to raise funds for the Children's Hospital of South Western Ontario. We raised a record-breaking \$2.1 million.

### The New RO

The New RO's PSA contributions this year were valued over \$430,000. We produced 30-second messages for charitable events, including: Operation Go Home; Ottawa Fringe Festival; Canoe for Kids benefiting Christie Lake Camp; Women's Run for Shelter; Bowl for Big Brothers; Fresh 2000 benefiting Sierra Club; MedicAlert; Breakfast for Learning; and UNICEF. We also provided 30-second PSAs and campaign runs for community events such as: The Lion Dance Festival; the Writers Festival; the Ottawa Chamber Music Festival; Ottawa International Animation Festival; and the Military History Fair. PSAs were produced in support of alcohol education initiatives including MADD (Mothers Against Drunk Driving), Concerned Children's Advertisers, Addiction Foundation and others.



The New RO helped raise \$1,015,654 through the Ottawa Cancer Institute Telethon, broadcasting the telethon over two days and donating \$30,000 of production costs. We also produced the Kids First Easter Seal Telethon for the Ottawa Valley, splitting the station's signal to provide regular programming to the Ottawa audience. In total, \$115,000 was raised.

#### **The New VR**

The New VR sponsored the Canadian Cancer Society's Relay for Life. This "first time in VRLand" event raised \$240,000.

Our ongoing teams, The Sultans of Snow and the Sultans of Swing, raised \$4,500 last year for the Special Olympics. The New VR/Rock 95 Toy Drive (Give a Kid a Christmas) last year raised cash and toys helping over 2,000 children. We continued our support for York County Hospital Foundation and the Rotary Club's Mariposa Skating Gala to benefit the Royal Victoria Hospital. Our news anchor Lance Chilton is the Honourary Chairman of the Simcoe County AIDS Walk, which last year raised over \$14,000.

#### **Canadian Learning Television & ACCESS**

Access and CLT supported community events, including Edmonton Opera, Local Heroes Film Festival, Calgary Stampede and the Prime Minister's Awards for Teaching Excellence. As well, we offered post-secondary \$10,000 tuition contests, and promotions for Edmonton Emergency Youth Shelter, Canada Post Charities and Edmonton Eskimos Stay in School program.

#### **MuchMusic & MuchMoreMusic**

Our music stations assist over one hundred charitable and not-for-profit organizations across the country. In addition to donating a substantial amount of airtime for PSAs, we provide editorial coverage, production resources, creative services, merchandise and VJ appearances. The networks forge meaningful social partnerships with organizations that are relevant to our teen and young adult audiences.

MuchMusic continued to work as a media partner for several national organizations including Kids Help Phone; Cystic Fibrosis Foundation's Shinerama campaign; YouCAN's Second National Youth Conference on Peace Building and Conflict Resolution; Frontier College; The Canadian Music Therapy Trust Fund; Wired Woman; and LOVE (Leave Out Violence). MuchMusic became Media Sponsor of War Child Canada, helping to launch the Canadian branch of this international aid organization. In addition, MuchMusic produced a PSA for Frontier College to inspire kids to read. Support continued for: Mothers Against Drunk Driving; Planned Parenthood; Metropolitan Toronto Police Association's VICE (Violence, Intimidation, and Crews Excluded) anti-violence campaign in Toronto high schools; Choose to Lead; CNIB; Canadian Hearing Foundation; and UNICEF.

#### **Star!**

In its first year, Star! jumped right into the spirit of community involvement. We held a live broadcast of Toronto's Gay Pride Day and participated in the parade. We also broadcast a live tribute to



Canada's Walk of Fame. Star! produced and broadcast a half-hour special on Bryan Adam's book *Made In Canada*, which is a photographic tribute to Canadian women that is intended to raise awareness and funds for breast cancer.

**VideoFACT** is a music video production fund created and solely sponsored by MuchMusic, MusiquePlus and MuchMoreMusic. With our division PromoFACT (MuchMoreMusic's website and electronic press kit production fund), we allocated \$2,369,707 toward a total of 220 projects in fiscal year 2000.

**Bravo!FACT** (Foundation to Assist Canadian Talent), funded entirely by Bravo!, provides grants for the production of Canadian art videos. The disciplines covered include dance (classical, modern, ethnic); music (classical, contemporary, jazz, world beat); spoken word (poetry, prose, drama); visual arts (painting, sculpture, architecture); opera; and animation. Last year, Bravo!FACT distributed \$908,229 for the independent production and promotion of 76 shorts across Canada. Bravo!FACT projects were honoured with two Gemini wins, and a prestigious screening at the Lincoln Center in New York City. Bravo!FACT screenings were held in Toronto, Vancouver, Victoria and Montreal.

**MaxFACT** is funded entirely by MusiMax. MaxFACT provides grants for the production of music videos related to the release of new albums in Quebec. The music videos are based on songs in the Adult Contemporary, World Beat and Quebec Country genres. MaxFACT distributed \$284,000 for the



*Students at Wilfred Laurier University shine cars for Shinerama. The national campaign raised \$616,000 for Canadian Cystic Fibrosis Foundation with help from MuchMusic, national media sponsor.*

production and promotion of 20 videos. MaxFACT videos were screened in Montreal.

### Media Education

Our CHUM Television stations continue their commitment to support media education. As creators of distinctive programming content, we believe that it is important to encourage viewers to become literate about screen-based media (television, new media and film). Our support of media education (or media literacy) is a major public service initiative undertaken on many levels over the last year. Many of CHUM Television's stations provide original, commercial-free, educational programming — and accompanying study guides — to schools free of charge. As well, CHUM Television underwrites teacher training to provide educators with the tools they need to use screen-based media in the classroom.





*MuchMusic goes live to air nationally from Summit 2000.*

Summit 2000, the conference on Children, Youth & the Media, took place in May in Toronto. As Platinum Sponsor of the event, and Sponsor of the media education conference pillar, CHUM played a significant role in supporting and exploring the place of screen-based media in the classroom. The conference brought together 1,400 delegates from 55 countries in a first-of-its-kind gathering of international media professionals and media educators.

CHUM's dedication and leadership in the field was recognized at Summit 2000 with the first CAMEO (Canadian Association of Media Education Organizations) Award. We are most grateful for the award, which honours CHUM's work in "bridging

the world of the media industries and that of education" and "for outstanding contributions to the development of Canadian media education."

CHUM stations continue to create original media education programming, such as Bravo!'s Scanning the Movies, produced in partnership with Warner Bros. Entertainment Inc. Among the new shows produced by MuchMusic for classroom use is "By Their Own Hand," an open and interactive live forum to raise awareness about teen suicide and to provide information and resources for prevention. These and other programs are also telecast as part of Cable in the Classroom, a public service partnership between cable companies and programming services of which many CHUM stations are active members. A new programming initiative this year was created by The New PL, which has produced and telecast an innovative series of short program segments to inform their audience about the importance of media education.

CHUM continues to respond to teacher demand for training and dialogue with students by sponsoring numerous training sessions, workshops and presentations during the past year for groups including: Toronto Catholic Separate School Board; Marshall McLuhan High School; University of Toronto Symposium; British Columbia Association for Media Education; Jubilee 2000 Youth Gathering (London); Thames Valley District School Board; BC Teachers of English Language Arts conference; Ottawa Carleton District School Board; Vancouver Catholic School Board; and Summit 2000.



## OPERATING RESULTS

The Company's business is broadcasting through ownership and operation of 27 radio stations (13 AM and 14 FM), the CHUM Radio Network, six television stations, and the MuchMusic, MuchMoreMusic, Bravo!, Space, and Star! networks across Canada, all operating as divisions of the Company. Learning and Skills Television of Alberta Limited (ACCESS and Canadian Learning Television) and Pulse 24 Partnership (CablePulse 24), a 24-hour live regional English language news and information channel focused on Southern Ontario, are business entities of which the Company owns 60% and 70.1% respectively. The Company's 50% interest in MusiquePlus Inc., which offers two different French music video services, MusiquePlus and MusiMax, operates in partnership with Astral Media Inc. The Company is also engaged in the environmental background music business through the CHUM Satellite Services division and through its 75% interest in NovaVision Multimedia Inc. serving the Quebec market. Each of its broadcasting stations and the background music businesses operates autonomously under local management, reporting to senior officers of the Company.

Revenue for the 12 months ended August 31, 2000 increased to \$376.1 million, a net increase of \$45.4 million or 13.7% compared with \$330.7 million in 1999. Contributing factors for the net increase over last year were:

Radio revenues increased to \$98.2 million from \$80.6 million in the previous year due to the acquisition of Ottawa radio stations CFGO-AM and CJMJ-FM (Majic 100) effective August 31, 1999, and the growth of the Company's FM radio stations as a result of improved ratings and a strong advertising market. Sales volumes for advertising on the AM radio stations were maintained at last year's levels.

Television revenues for the year increased to \$266.4 million, up \$26.5 million from \$239.9 million reported last year. This increase was primarily from the continuing growth in the Company's Specialty television operations, together with the Fall 1999 launch of new Specialty channels Star! The Entertainment Information Station and Canadian Learning Television (CLT).

Operations expense increased in fiscal 2000 to \$321.6 million, up \$38.8 million or 13.7% higher than last year. Approximately 65% of the Company's total operations expense comprises employee remuneration and benefits, together with purchased programming costs. The remaining 35% of the total includes other programming costs, regulatory licencing fees, technical facilities maintenance costs, distribution, research, advertising, general administration and overhead expenses. New businesses started by the Company in the first month of operation in fiscal 2000, namely Ottawa radio stations CFGO/CJMJ-FM and Specialty channels Star! and CLT contributed \$16.4 million to the increased operations costs. The continuing growth of Specialty services, Space and MuchMoreMusic, contributed to the operations



expense increase. The Company's new sales and marketing arm, CHUM Group Radio Sales, which became responsible for national radio sales and new business development effective September 1, 1999, contributed to increased operations expense. The balance of the radio and television operations expenses for fiscal 2000 increased by approximately 4% over last year.

Depreciation expense in fiscal 2000 increased over the previous year's depreciation charge by \$1.7 million. This increase can be attributed to the new businesses described above which all commenced operations in September 1999. Moreover, with the above-normal additions to fixed assets in the past two years, depreciation expense has also increased.

The amortization charge against goodwill was \$1 million higher in 2000 than it was last year. This increase is solely attributable to the amortization of goodwill purchased in the strategic acquisition of radio stations CFGO/CJMJ-FM Ottawa on August 31, 1999.

In fiscal 2000, interest expense of \$5.2 million has increased by \$3.9 million due mostly to the increased debt level incurred from the acquisition of radio stations CFGO/CJMJ-FM Ottawa and additional utilization of the demand loan facility for fixed asset expenditures. On average, interest rates were slightly higher than those experienced in fiscal 1999.

Interest and other income remained at about the same level as that experienced in fiscal 1999.

The Company's sale of its 50% partnership interest in MuchMusic USA Venture for US\$10 million resulted in a gain of C\$9 million net of income taxes of C\$6.2 million.

The effective income tax rate in fiscal 2000 of 45.9% is down from the 48.9% charged last year.

Earnings per share (EPS) for both Class B and common shares for fiscal 2000 was \$2.23 calculated based on the weighted average number of shares outstanding for the year of 11.6 million. The EPS for fiscal 1999 was \$1.45 based on the weighted average number of shares outstanding of 11.6 million. Net earnings before the gain on the sale of MuchMusic USA Venture for the year ended August 31, 2000 was \$17.0 million or \$1.46 per share.

#### TY AND CAPITAL RESOURCES

Cash flow from operating activities before change in non-cash balances related to operations decreased by \$2.3 million to \$28.2 million or \$2.43 per share, compared with \$30.5 million or \$2.62 per share last year. The income tax charge on the gain on the sale of the Company's investment in its 50% interest in MuchMusic USA Venture of \$0.53 per Class B and common share has been charged against cash flow



from operating activities, while the proceeds on the sale of the investment has been excluded from cash flow attributable to operating activities. By adjusting for this tax charge, the Company would report cash flow from operating activities before change in non-cash balances related to operations of \$2.96 per share, compared with \$2.62 per share in the prior year. The improvement and growth in operating results also resulted in increased earnings before interest, taxes, depreciation and amortization (EBITDA).

Short-term program rights increased slightly and short-term program rights payable decreased by \$2.1 million in fiscal 2000 for a combined use of cash of \$2.2 million, reported in the change in non-cash balances related to operations. Also, the increase in long-term program rights, net of the increase in long-term program rights payable, has reduced cash by \$9.7 million in 2000. At year-end, the Company's television stations had reported total liabilities and future commitments payable estimated at \$145.5 million for the years ending August 31, 2001 to 2006. The Company continues to resell many of these rights to non-competing Canadian broadcasting operations, including Specialty and Conventional television. It is anticipated that the proceeds from their sale will continue to significantly offset the cost of the total purchase price, keeping that portion in line with past experience.

During fiscal 2000, total expenditures to acquire fixed assets amounted to \$32.6 million, funded by a combination of Company funds and a draw down of the bank demand loan facility, compared with \$27.9 million in acquisitions made in fiscal 1999. Capital expenditures of \$12.5 million were made in fiscal 2000 to complete the move of the Company's Ottawa-based radio and television stations into the CHUM Market Media Mall at 87 George Street. Other projects included \$2.8 million allocated to ChumCity for upgrades and renovations at 299 Queen Street West, \$1.2 million for renovations made to CHUM Limited's premises at 1331 Yonge Street, Toronto, and \$0.8 million spent to equip the Company's new radio business CHST-FM in London. In addition, normal replacement of, and improvements to, broadcast and other equipment has increased to approximately \$15 million to \$17 million annually, up from \$12 million to \$15 million, as a result of a greater emphasis on maintaining and updating technology used in the Company's business.

During the 2000 fiscal year, pursuant to a stock exchange normal course issuer bid, the Company purchased and cancelled 1,000 Class B shares at an average price of \$30.00 per share and nil common shares. This compares with the purchase and cancellation of 6,000 Class B shares at an average price of \$40.50 per share and 31,100 common shares at an average price of \$38.02 per share in the 1999 fiscal year. The stock exchange normal course issuer bid expired on September 8, 2000. The Company is in the process of obtaining Toronto Stock Exchange approval of a new normal course issuer bid for its Class B shares.



In fiscal 2000, the Company declared and paid a regular quarterly dividend of \$0.02 per share and a special dividend of \$0.14 per share to holders of its Class B shares. The common shareholders received a regular annual dividend of \$0.08 per share and a special dividend of \$0.14 per share. These dividends for fiscal 2000 totalling \$0.22 per share for Class B and common shares were unchanged from fiscal 1999.

#### CURRENT & FUTURE OPERATIONS

The "NewNet" network of local television stations in Ontario — made up of The New VR in Barrie, The New PL in London, The New RO in Ottawa, The New WI in Windsor and The New NX in Wingham — improved overall performance last year and continues to represent an excellent regional opportunity for advertisers. The New RO moved into a state-of-the-art facility in the trendy Byward Market area in Ottawa, and this is expected to have a positive impact on revenues and earnings.

During the year, CHUM Limited was granted approval from the Canadian Radio-television and Telecommunications Commission (CRTC) to establish a new Conventional television station to be based in Victoria. The station is currently in the early stages of development and is scheduled to launch in September, 2001. CIVI Victoria will primarily focus on Victoria and Vancouver Island, but will also be accessible to the City of Vancouver and Lower Mainland market. Although the new station is not expected to make a contribution to earnings in its first year, operations are expected to contribute to overall profits in its second year.

As previously reported, the Company received CRTC approval for a new FM radio station to serve the London market. London's newest radio station, Star 102.3FM, was officially launched on September 1, 2000 as an Adult Contemporary radio station and is expected to make a positive contribution to earnings in its second year of operation.

During the 2000 fiscal year, CHUM Television also continued to expand its international operations, and increase revenues and profits through its ChumCity International (CCI) division. CCI handles distribution and development, programming, formatting and worldwide licensing of CHUM Television's Citytv, MuchMusic and all Specialty services. In addition to originally produced programming seen in over 130 countries, the distinctive production style and programming philosophy of Citytv and MuchMusic have been adopted with growing success internationally. Citytv Barcelona, a format licence with Spain's Grupo Godo, will launch in the spring of 2001. CCI also signed an expanded licencing arrangement with Finland's MTV3/Alma Media that will result in additional revenues over the next three years, and the division assisted MTV3 with the launch of Finland's first domestically produced cable television channel that will feature the Citytv format and programming. CHUM intends to take a minority equity position in Citytv Helsinki and will be assisting in the launch of five new digital

channels in Finland in the fall of 2001. Jyrki, the MuchMusic block on M3TV, continues to be the highest rated youth block of programming in Finland. CCI has also concluded a development agreement for a StarTV! format television station in Germany.

As previously reported, recent changes to radio policy introduced by the CRTC have created new opportunities for greater efficiencies and profitability in many CHUM Group Radio markets. Subject to CRTC approval, the introduction of multiple licence operations in Winnipeg and Vancouver will enable the Company to establish a greater visibility in these markets.

On September 7, 2000, the Company announced that it had agreed to exchange certain local radio assets in Quebec and Manitoba with Standard Broadcasting Corporation Limited. As part of the transaction, the Company will acquire the assets of Standard Radio Inc.'s Winnipeg radio station CFWM-FM plus cash. In exchange, Standard Radio Inc. will acquire the Company's Montreal radio stations, CKGM-AM and CHOM-FM. The transaction is subject to the parties completing definitive documentation. The transaction is subject to approval by the CRTC.

The Company has also filed applications with the CRTC to establish new FM radio stations in the Calgary and Vancouver markets. Hearings to review these applications are scheduled for the week of October 30, 2000 in Calgary for the Calgary station and the week of November 20, 2000 in Abbotsford, British Columbia for the Vancouver station.

In addition, the Company entered into an agreement dated September 26, 2000 with Centario Communications Inc. to purchase the broadcasting assets of radio station CKLY-FM in Lindsay, Ontario. The agreement is conditional upon receiving approval from the CRTC, and hearings to review this application are scheduled for the week of November 20, 2000.

The Company's 50% interest in MuchMusic USA Venture was sold during the year to Rainbow Holdings, CHUM Limited's 50% equity partner. As explained above, the gain on the sale is included in the fiscal 2000 results. As part of the ongoing relationship with Rainbow, the Company will receive program licence fees for MuchMusic programming provided to MuchMusic USA.

The Company's television and radio operations were early entrants into the new media and have developed an extensive online presence that supports and enhances their television and radio services. As a result of the strength of the online business, the ChumCityInteractive division has successfully generated revenues and operating profits in the fiscal 2000 year. With the increasing convergence of television and radio with the new media and the need for content on the Internet, these divisions are well positioned to benefit from new online businesses as they evolve.



In August of this year, the CRTC conducted a Specialty service hearing for the licencing of a number of new Category One and Category Two Digital Specialty services. The Category One services will have preferential carriage rights along with more demanding conditions of licence. The Company submitted applications for seven Category One licences and seven Category Two licences. Also, applications for a number of other specialty services were made through the Company's investments in Learning and Skills Television and MusiquePlus Inc. If successful, the launch date for any of these new digital Specialty television services will most likely be in late 2001. At present, there is some uncertainty as to the financial expectations for these digital Specialty services, as it may depend to some extent on the growth of digital television distribution.

The Company's revenues are almost entirely derived from the sale of airtime that can fluctuate according to the relative economic climate, changing advertiser needs, a changing regulatory environment and new sources of competition. These conditions are constantly scrutinized by management so that adjustments can be made as required.

In its efforts to minimize the Company's exposure to risk as a result of the Year 2000 issue, the Company has replaced and modified systems identified as not being year 2000 compliant and continues to monitor the performance of its computer systems on an ongoing basis. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 issue that may affect the Company, including those related to customers, suppliers or third parties, have been fully resolved.

During fiscal 2000, there have been significant changes in the market as a result of some large-scale mergers and acquisitions, largely related to the growing move towards convergence of media. This has not had any impact on the Company's ability to compete effectively, but with consolidation, it is likely that access to programming, staff and other resources will be more competitive. The Company continues to monitor these industry developments and take advantage of appropriate strategic opportunities to solidify its position as a key player in this sector.

Digital Audio Broadcasting (DAB) offers robust, crystal clear and mobile reception of CD-quality audio programs and facilitates broadcast transmission of text, data, images, graphics, video, software and Web content in any combination. While receivers are not yet in the marketplace at prices attractive to the consumer, the implementation of DAB has moved forward in Canada during this fiscal year. From research and testing, to the marketing of full-time digital radio service, starting with the inaugural launch of full-time

service in Toronto in Summer 1999, followed by launches of the service in Montreal, Windsor and Vancouver, the expected date for introducing original equipment DAB receivers in automobiles continues to be in 2002. While there is much work to be done in terms of the development of services, the extension of coverage and all facets of marketing of DAB, the industry has moved considerably further during the past year in the implementation of digital broadcasting in Canada.

#### ROYALTIES AND RIGHTS

As of the Spring of 2000, two reproduction rights collectives had filed tariffs against commercial radio stations: Société du droit de reproduction des auteurs, compositeurs et éditeurs au Canada (SODRAC) and the Canadian Musical Reproduction Rights Agency (CMRRA). SODRAC is a collective representing reproduction rights holders of largely French- and foreign-language music. The CMRRA represents major English-language music publishers, the owners of reproduction rights in much of the English-language music that stations play.

The two tariffs seek compensation from commercial radio stations for all reproductions of music made by such stations. The Canadian Association of Broadcasters (CAB) has determined that the two tariffs represent unacceptably high proposals, particularly since SODRAC and CMRRA members are already compensated through the Society of Composers, Authors and Music Publishers of Canada (SOCAN) for the public performance of the same music, and has mounted an aggressive strategy to oppose these tariffs. The CAB successfully advocated a consolidated hearing before the Copyright Board to ensure that all possible efficiencies are realized, and that all evidence and argument for these two interrelated tariffs are considered in the same forum. It is expected that this hearing will be held in June of 2001. The CAB has announced that it will continue to use every means available to it to fight the tariff proposals.

In 1998, the Copyright Board ordered SOCAN to work out a "modified blanket licence" scheme with the CAB, whereby the blanket licence between the CAB and SOCAN would be discounted to reflect any direct licensing of broadcasting with composers. The CAB is in the process of trying to negotiate with SOCAN an appropriate arrangement to allow for such discounts. However, the Copyright Board does not have the jurisdiction to order a change to the exclusive assignment arrangement between SOCAN and its member composers to allow such direct contracting. Currently, the CAB is attempting to negotiate such a change with SOCAN.



The consolidated financial statements and other information contained in this annual report are the responsibility of the management of CHUM Limited.

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles and include certain estimates that reflect management's best judgements. Financial and other information contained elsewhere are consistent with these consolidated financial statements.

Management maintains a system of internal control designed to provide reasonable assurance that the consolidated financial statements accurately and reliably reflect the Company's operating results and that assets are adequately accounted for and safeguarded.

The consolidated financial statements have been reviewed by the Audit Committee and, together with the other information in this annual report, have been approved by the Board of Directors. PricewaterhouseCoopers LLP, an independent firm of chartered accountants, has audited the consolidated financial statements and provided a professional opinion (See Auditors' Report).

October 31, 2000



ALLAN WATERS  
President



TAYLOR C. BAIDEN  
Vice-President Finance and Treasurer and Secretary

To the Shareholders of CHUM Limited

We have audited the consolidated balance sheets of CHUM Limited as at August 31, 2000 and 1999 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at August 31, 2000 and 1999 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP



Chartered Accountants

Toronto, Canada

October 20, 2000



# CONSOLIDATED BALANCE SHEETS

AS AT AUGUST 31	(in thousands of dollars)	2000	1999
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Accounts receivable		\$ 80,217	\$ 70,114
Deferred income taxes		-	2,200
Program rights		41,552	41,426
Prepaid expenses and other assets		6,750	5,570
		128,519	119,310
<i>Program rights</i>		104,387	89,580
<i>Investments</i>		3,893	2,938
<i>Fixed assets (note 2)</i>		128,029	110,782
<i>Goodwill - net of accumulated amortization</i>		75,538	77,575
		\$ 440,366	\$ 400,185
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Bank indebtedness (note 4)		\$ 23,548	\$ 25,678
Accounts payable and accrued liabilities		43,659	31,701
Income taxes payable		8,490	1,016
Current portion of long-term debt (note 5)		3,609	3,791
Program rights payable		53,439	55,493
		132,745	117,679
<i>Program rights payable</i>		34,354	29,247
<i>Long-term debt (note 5)</i>		30,279	33,694
<i>Deferred income taxes</i>		3,440	3,557
<i>Minority interest</i>		468	258
<b>SHAREHOLDERS' EQUITY</b>			
Capital stock (note 7)		21,343	21,345
Retained earnings		217,737	194,405
		239,080	215,750
		\$ 440,366	\$ 400,185
APPROVED BY THE BOARD			
			
Director		Director	

## CONSOLIDATED STATEMENTS OF EARNINGS

FOR THE YEARS ENDED AUGUST 31	(in thousands of dollars, except per share amounts)	2000	1999
REVENUE - less agency commissions		\$ 376,081	\$ 330,691
EXPENSES			
Operations		321,614	282,814
Depreciation		15,340	13,685
Amortization of goodwill		2,007	1,037
Interest		5,206	1,336
Interest and other income		(1,262)	(1,167)
		342,905	297,705
Operating income		33,176	32,986
Gain on sale of investment (note 3)		15,153	-
		48,329	32,986
Provision for income taxes (note 9)		22,199	16,146
Earnings before minority interest		26,130	16,840
Minority interest in earnings (loss) of subsidiaries		210	(49)
Net earnings for the year		\$ 25,920	\$ 16,889
Net earnings per Class B share and common share (note 7)		\$ 2.23	\$ 1.45



# CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

FOR THE YEARS ENDED AUGUST 31	(in thousands of dollars)	2000	1999
<i>Retained earnings - Beginning of year</i>		\$ 194,405	\$ 181,468
<i>Net earnings for the year</i>		25,920	16,889
		220,325	198,357
<i>Deduct</i>			
Dividends paid (\$0.08 per share, regular and \$0.14 per share, special)			
Class B shares		1,818	1,818
Common shares		742	742
Excess cost of shares cancelled over their assigned value (note 7(b))			
Class B shares		28	229
Common shares		-	1,163
		2,588	3,952
<i>Retained earnings - End of year</i>		\$ 217,737	\$ 194,405

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31

2000

1999

## CASH PROVIDED BY (USED IN)

## OPERATING ACTIVITIES

Net earnings for the year	\$ 25,920	\$ 16,889
Items not affecting cash		
Depreciation and amortization	17,347	14,722
Minority interest in (loss) earnings of subsidiaries	210	(49)
Deferred income taxes	(117)	(1,086)
Income tax reductions not requiring cash	30	17
Gain on sale of investment	(15,153)	-
	28,237	30,493
Change in non-cash balances related to operations	559	(22,984)
	28,796	7,509

## INVESTING ACTIVITIES

Additions to fixed assets, net	(32,586)	(27,944)
Acquisitions - net of cash acquired (note 3)	-	(33,025)
Increase in investments	(955)	(1,715)
Proceeds on sale of investment	12,880	-
	(20,661)	(62,684)

## FINANCING ACTIVITIES

Purchase of Class B shares and common shares for cancellation (note 7(b))	(30)	(1,425)
Increase in long-term debt	-	24,227
(Decrease) increase in bank indebtedness	(2,130)	25,678
Dividends paid	(2,560)	(2,560)
Long-term debt repayments	(3,415)	(121)
	(8,135)	45,799
Decrease in cash and short-term investments during the year	-	9,376
Cash and short-term investments - Beginning of year	-	9,376
Cash and short-term investments - End of year	\$ -	\$ -

## SUPPLEMENTARY INFORMATION

Income taxes paid	\$ 12,642	\$ 21,922
Interest paid	5,206	1,336



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2000 AND 1999

of dollars unless otherwise stated

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of presentation*

The consolidated financial statements present the operations of the company, its major subsidiaries, and its 50% interest in MusiquePlus Inc. accounted for on a proportionate consolidation basis. All other investments are carried at cost.

#### *Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could be different from these estimates.

#### *Revenue recognition*

Revenue earned from sales of airtime is recognized in the accounts when the advertisement is aired. Revenues are recorded net of agency commissions as these charges are paid directly to the agency by the advertiser.

#### *Short-term investments*

Short-term investments are defined as highly liquid investments with original maturities of 90 days or less when purchased.

#### *Program rights*

For television stations, the company reports an asset and a liability for the licence agreements entered into to acquire broadcast and distribution rights of feature films and syndicated programs. Agreements are recorded when the program cost is reasonably determinable and the program material is available for telecast or resale.

The costs of broadcast rights are amortized over the period of the rights contract on the basis of usage or time. The costs of distribution rights are billed as recoverable if pre-sold at the inception of the licence, or otherwise amortized over the period of the rights contract based on estimated future revenue generating capacity. Such costs are allocated between current and non-current assets using management's estimate of usage or recovery in the next year.

Costs of program rights are written off when deemed to be of no value, and are reported at net amortized cost.

Liabilities for program rights are payable in instalments in accordance with the licence agreements or on the basis of usage of the program material. The liability is segregated between current and non-current using payment terms and management's estimate of usage in the next year.

#### *Depreciation*

Depreciation is provided on a declining-balance basis using the following rates: buildings - 4% to 5%; equipment - 20% to 30%; other - 8% to 30%. Leasehold improvements are amortized on a straight-line basis over the term of the lease plus one renewal period.

#### *Start-up costs*

Start-up costs for the preparation of new applications to the Canadian Radio-television and Telecommunications Commission (CRTC) are expensed. Start-up costs for licences of successful applications which are awarded by the CRTC are capitalized from the date they are awarded to the date revenue is generated for the service. Start-up costs are amortized over a period which reflects their expected future benefit, not exceeding five years.

#### *Goodwill*

Goodwill relating to acquisitions made prior to April 1, 1974 amounting to \$9,948 (1999 - \$9,978) is not amortized, since this amount is considered to be of continuing value. The tax saving resulting from the portion of this goodwill allowed as a deduction in computing taxable income is credited against the cost of the goodwill.

Goodwill relating to acquisitions made after April 1, 1974 is being amortized on a straight-line basis over periods of 40 years.

The company assesses the value of goodwill of businesses based upon estimates of future profitability and cash flows. If the value of goodwill declines below its carrying value, and the decline is considered to be permanent, the goodwill would be written down as a charge against earnings.

#### *Income taxes*

The company follows the tax allocation method of accounting for income taxes whereby earnings are charged with income taxes related to reported earnings. Differences between such taxes and taxes currently payable are reflected in the accounts and arise because certain items of revenue and expense are reported in the accounts at different times than they are reported for income tax purposes.



## 2. FIXED ASSETS

Fixed assets consist of:

	2000	1999
Cost		
Land	\$ 17,114	\$ 17,002
Buildings	66,345	54,086
Broadcasting equipment	126,506	115,735
Other	44,360	35,969
	254,325	222,792
Accumulated depreciation		
Buildings	16,058	14,302
Broadcasting equipment	82,624	74,366
Other	27,614	23,342
	126,296	112,010
	\$ 128,029	\$ 110,782

## 3. SIGNIFICANT BUSINESS TRANSACTIONS

- a) Effective May 30, 2000, the company sold its 50% interest in MuchMusic USA Venture (the Partnership), a music video channel operating in the United States, to the Partnership for consideration of US\$10,000 (C\$15,153), of which US\$8,000 (C\$12,122) was paid in cash with the remainder due over the next year. In addition, the company will provide programming to the Partnership at prescribed rates for the next three years with the Partnership having the option to extend this arrangement for a further five years.
- b) Effective August 31, 1999, the company purchased 100% of the outstanding common shares of Rawlco (Ottawa) Ltd., a radio broadcasting company, and 100% of the outstanding shares of Major Market Broadcasters Ltd., a sales and marketing agency, for total cash consideration of \$31,314. The acquisitions have been accounted for by the purchase method.

The purchase consideration was allocated as follows:

Working capital	\$ 1,104
Fixed assets	1,440
Goodwill	40,227
Non-current liabilities	(11,457)
	<u>\$ 31,314</u>

#### 4. BANK INDEBTEDNESS

Bank indebtedness of \$23,548 (1999 - \$25,678) is funded by an operating line which bears interest at Royal Bank prime and is due on demand.

#### 5. LONG-TERM DEBT

	2000	1999
Mortgage at 9-1/4%, maturing 2006	\$ 2,581	\$ 2,715
Revolving term loan at 6.12% (1999 - 5.80%)	20,764	24,227
Preferred shares at 10%, redeemable 2009	10,000	10,000
Note payable at prime, maturing 2002	543	543
	<u>33,888</u>	<u>37,485</u>
Less: Current portion	3,609	3,791
	<u>\$ 30,279</u>	<u>\$ 33,694</u>

The preferred shares have been treated as debt for accounting purposes as they bear a fixed rate of return and are retractable at the option of the holder. The preferred shares are classified as long-term debt on the balance sheets and dividends are classified as interest expense in the statements of earnings.



The company has a revolving term loan facility to fund strategic acquisitions. Minimum principal repayments on the revolving term loan are as follows:

Year ending August 31, 2001	\$ 3,463
2002	3,463
2003	3,463
2004	10,375
	<u>\$ 20,764</u>

#### COMMITMENTS

##### *Program rights*

At August 31, 2000, the television stations reported program rights payable for the years ending August 31, 2001 to 2006 totalling \$87,793 (1999 - \$84,740). In addition, commitments for the purchase of program rights have been concluded where the program material has not yet been made available for telecast. Estimated future commitments total \$57,716 (1999 - \$60,088), of which approximately \$32,778 (1999 - \$27,867) is due over the next 12 months.

##### *Leases*

The company is committed under operating leases for rental of properties, broadcasting facilities and other equipment extending for varying periods to the year 2015.

Future minimum payments are required as follows:

Year ending August 31, 2001	\$ 5,467
2002	3,824
2003	2,935
2004	2,358
2005 and subsequent years	23,300
	<u>\$ 37,884</u>

## 7. CAPITAL STOCK

	2000	1999
Non-voting shares		
Authorized		
Unlimited number of non-voting, Class B shares		
Issued		
8,259,551 (1999 - 8,260,551) shares	\$ 19,253	\$ 19,255
Common shares		
Authorized		
Unlimited number of common shares		
Issued		
3,374,015 (1999 - 3,374,015) shares	2,090	2,090
	<u>\$ 21,343</u>	<u>\$ 21,345</u>

- a) The holders of the Class B shares are entitled to receive, if, as and when declared by the Board of Directors, annual non-cumulative dividends at the rate of 8¢ per share. No dividends shall be declared on the common shares in any year until dividends of 8¢ per share have been paid on the Class B shares. Whenever in any year such dividends have been paid on both the Class B and common shares, any further dividends shall be paid equally on the Class B and common shares.

The Class B and common shareholders are entitled to share equally in any distribution of the company's assets on winding up.

- b) During the year ended August 31, 2000, the company acquired and cancelled 1,000 Class B shares (1999 - 6,000) and nil common shares (1999 - 31,100) of the company at a total cost of \$30 (1999 - \$243) and \$nil (1999 - \$1,182), respectively.
- c) Earnings per share have been calculated on the basis of the weighted average number of shares outstanding during the year of 11,634,045 (1999 - 11,643,450).



## 8. PENSION PLAN

The company has a defined benefit pension plan available to all employees. Pension benefit obligations are determined annually by independent actuaries using management's best estimate assumptions and the accrued benefit method. The cost of pension obligations includes the actuarially computed costs of the pension benefits in respect of the current year's service, plan amendments, experience gains and losses and the net pension asset as at September 1, 1987 (the date that this accounting policy was adopted), amortized over the expected average remaining service life of the pension plan members.

Based on the latest actuarial report as at May 1, 2000, the present value of accrued pension benefits amounts to \$21,912 (1999 - \$19,076) and the market value of the net assets available to meet these benefits was \$26,143 (1999 - \$22,566).

## 9. INCOME TAXES

The differences between the effective tax rates reflected in the provision for income taxes and the Canadian statutory income tax rate are as follows:

	2000	1999
	%	%
Corporate statutory rate of income tax	44.4	44.6
Adjusted for the effect of:		
Non-deductible goodwill	1.4	1.5
Non-deductible preferred share dividend	2.1	-
Utilization of non-capital loss carry-forward	(2.6)	-
Other	0.6	2.8
	45.9	48.9

Provision for income taxes comprises:

	2000	1999
Current	\$ 22,316	\$ 17,232
Deferred	(117)	(1,086)
	<u>\$ 22,199</u>	<u>\$ 16,146</u>

#### 10. SEGMENTED INFORMATION

The company's principal business activities are carried out through three reportable segments: Television, Radio and Other. Television consists of the company's Ontario television stations and Specialty channels. Radio consists of AM and FM stations across the country. Other consists of the company's background music network and head office function.

Information on the operating groups is as follows:

	2000			
	<i>Television</i>	<i>Radio</i>	<i>Other</i>	<i>Total</i>
Revenues	\$ 266,381	\$ 98,214	\$ 11,486	\$ 376,081
Operating income	28,442	16,033	(11,299)	33,176
Total assets	311,337	117,414	11,615	440,366
Capital expenditures	25,561	6,337	688	32,586
Depreciation and amortization of goodwill	12,007	4,567	773	17,347

	1999			
	<i>Television</i>	<i>Radio</i>	<i>Other</i>	<i>Total</i>
Revenues	\$ 239,850	\$ 80,626	\$ 10,215	\$ 330,691
Operating income	28,773	13,015	(8,802)	32,986
Total assets	275,803	113,005	11,377	400,185
Capital expenditures	24,258	2,275	1,411	27,944
Depreciation and amortization of goodwill	10,945	2,980	797	14,722



## 1. FINANCIAL INSTRUMENTS

*Fair value of financial instruments*

Financial instruments are financial assets or liabilities of the company where, in general, the company has the right to receive cash or another financial asset from another party or the company has the obligation to pay another party cash or other financial assets. Financial assets and liabilities include cash and short-term investments, accounts receivable, certain investments, accounts payable and accrued liabilities, program rights payable, income taxes payable and long-term debt. The carrying amounts in the consolidated balance sheets approximate fair values due to the limited term and nature of these instruments.

The fair value of certain investments is not readily determinable as there are no fixed terms of repayment.

The fair value of long-term program rights is also not readily determinable.

*Interest rate risk*

The following table sets out the company's exposure to interest rate risk:

Accounts receivable	Non-interest bearing
Investments	Various rates ranging from non-interest bearing to prime plus 1%
Accounts payable and accrued liabilities	Non-interest bearing
Income taxes payable	Non-interest bearing
Program rights payable	Non-interest bearing
Bank indebtedness	Floating, see also note 4
Long-term debt	Various, see also note 5

## 12. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the presentation in 2000.

## 13. SUBSEQUENT EVENTS

- a) The company has entered a letter of intent with Standard Radio Inc. (Standard) to exchange certain of the company's local radio assets in Quebec for certain of Standard's local radio assets in Manitoba and cash. Completion of the transaction is subject to CRTC approval.
- b) The company has agreed to acquire from Centario Communications Inc. the assets of a radio station in Lindsay, Ontario for cash consideration of \$800. Completion of the transaction is subject to CRTC approval.



## DIRECTORS

### ALLAN WATERS

Toronto

*Director*

*Chairman of the Board and President*

### FRED SHERRATT

Toronto

*Director*

*Vice-Chairman of the Board*

### LAWRENCE W. LAMB

Ennismore

*Director*

### ROBERT M. SUTHERLAND, Q.C.

Toronto

*Director*

*Counsel, Fasken Martineau DuMoulin LLP*

### MARJORIE WATERS

Toronto

*Director*

### JOHN (JACK) MATTENLEY

Barrie

*Director*

### TAYLOR C. BAIDEN, B. COMM., C.A.

Toronto

*Director*

*Vice-President Finance and  
Treasurer and Secretary*

### JAMES WATERS

Toronto

*Director*

*Executive Vice-President and  
President CHUM Group Radio*

### RONALD WATERS

Toronto

*Director*

*Executive Vice-President*

### SHERYL BOURNE

Richmond Hill

*Director*

## SHAREHOLDER INFORMATION

TELEVISION

NEW MEDIA

## HEAD OFFICE

1331 Yonge Street, Toronto, Ontario  
M4T 1Y1

## REGISTRAR AND TRANSFER AGENT

Montreal Trust Company of Canada  
Toronto, Montreal, Halifax, Vancouver

## SOLICITORS

Fasken Martineau DuMoulin LLP

## AUDITORS

PricewaterhouseCoopers LLP

## BANKERS

Royal Bank of Canada

## STOCK EXCHANGE LISTING

Toronto



## THE CHUM GROUP

NATIONAL SPECIALTY  
TELEVISION  
CHANNELS

Bravo!  
Canadian Learning Television  
MuchMusic  
MuchMoreMusic  
Space  
Star!

## BRITISH COLUMBIA

CFUN-AM Vancouver  
CHQM-FM Vancouver  
CIVI-TV Victoria and  
Vancouver  
Island/Lower  
Mainland

## ALBERTA

ACCESS

## MANITOBA

CFST-AM Winnipeg  
CHIQ-FM Winnipeg

## ONTARIO

CHUM-AM Toronto  
CHUM-FM Toronto  
  
CFRA-AM Ottawa  
CKKL-FM Ottawa

CFG0-AM Ottawa  
CJMJ-FM Ottawa

CFJR-AM Brockville  
CHXL-FM Brockville

CKLC-AM Kingston  
CFly-FM Kingston

CKPT-AM Peterborough  
CKQM-FM Peterborough

CKKW-AM Kitchener  
CFCA-FM Kitchener

CHST-FM London

CKWW-AM Windsor  
CIMX-FM Windsor  
CKLW-AM Windsor  
CIDR-FM Windsor

Citytv Toronto, Ottawa  
and Southern  
Ontario

CKVR-TV Barrie and Central  
Ontario

CFPL-TV London

CHWI-TV Windsor

CKNX-TV Wingham

CHRO-TV Pembroke/Ottawa

CablePulse24  
CHUMCity Productions  
CHUM Group Radio Sales  
CHUM Radio Network  
CHUM Satellite Services  
Sleeping Giant Productions Ltd.

## QUEBEC

CKGM-AM Montreal  
CHOM-FM Montreal  
MusiquePlus  
MusiMax  
NovaVision Multimedia Inc.

## MARITIMES

CJCH-AM Halifax  
C100-FM Halifax

## INTERNATIONAL

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